

BIG MOUNTAIN SEWER DISTRICT

PO Box 1252
Whitefish, Montana 59937

Board of Directors Minutes January 18, 2022 9:00 am Northern Lights Conference Room, Kandahar Lodge

1. CALL TO ORDER

President Sato called the meeting to order at 9:03 a.m., while on Zoom. Sato went through Zoom etiquette, letting the Board members know we will be taking roll call votes whenever one of the Board members attends via Zoom. Present in person were Jennifer Sato, Brad Kincaid, Kathy McCaughan, Al Clough, Jason Hanchett, Paul Montgomery with AMCE, Jordyn Mallett with Morrison Maierle, and Leslie Bales. Present on Zoom were Greg Ferrian, Michael Episcopo, Kevin Malloy with Carver Engineering, Laura Stornbercer with Morrison Maierle, and Michael Freeman with Averill Hospitality.

2. INTRODUCTIONS

All members present both in person and via Zoom were introduced.

3. PUBLIC COMMENT

President Sato reminded everyone present that we had a very long agenda, so keeping comments to two minutes would be greatly appreciated.

4. PRESENTATIONS

There were no presentations.

President Sato moved **NEW BUSINESS, Request for additional EDU's** up on the agenda so those present for these agenda items could be heard, and then carry on with their day. President Sato reminded the developers that even after EDU requests were completed, each project will need to deliver a full set of plans to Jason Hanchett prior to construction, and to allow for PIF calculations.

- i. Jordyn Mallett, Morrison Maierle was present with the request to increase from 1 EDU to 17 EDU's for the planned condominium project at 3854 Winter Lane. Mallett reported this is currently a single family residence, which will be removed and a 17 unit condominium will be built. Mallett stated the preliminary plans have been shared, full plans and sewer size have not been completed yet. Discussion followed regarding 8" sewer main, and line will probably need to be increased from 4" to 6". Clough made motion to approve the request for a will-serve letter for seventeen EDU for the condo project at 3854 Winter Lane, second by Kincaid. Motion carried unanimously.
- ii. Michael Freeman was present to represent Averill Development's request for four additional EDUs at 3855 Gelande Street. There was a mix-up

with delivery of the plans for the agenda packet so Freeman explained the project thoroughly to the Board, reporting the request is for four additional EDU. The plan is to build a four-unit condo next to Kintla with a total of five EDUs. Discussion followed. Clough made motion to approve and provide a will-serve letter for five EDUs for 3855 Gelande Street, second by McAughan. Motion carried unanimously.

- iii. Kevin Malloy of Carver Engineering and Michael Episcopo were present to request service to Tract 2 of Lot 1 of the Episcopo Property, as shown in the certificate of survey. This property will also need to be annexed into the BMSD, with Malloy reporting the paperwork is in process and they hope to have the annexation before the BMSD Board at the April meeting, continuing they have a verbal easement from Stewart Stover, owner of Lot 32, NLW Ph 3 to run the sewer line through his property to connect in the Orion Court cul-de-sac. Fire hydrants and water service will be moved to give the sewer line the 10' clearance that is required. Discussion followed. Malloy added if the easement does not work they will connect at the Orion Court intersection. Kincaid asked Episcopo what his plans for the other half of the property are. Episcopo shared he currently has it for sale, and is looking for one buyer, if that doesn't happen he plans to develop twelve to fifteen lots, with a separate well which will connect with Big Mountain Water Company (and as long as they keep it below 20 lots will not need to build a reservoir). Discussion continued, with anticipated meter size being 1 1/2" (4 EDU). Kincaid made motion to provide sewer service to the eastern half of the Episcopo Property as shown in the Certificate of Survey, and to provide a will-serve letter for up to 4 EDU; second by Clough. Motion carried unanimously.
- iv. Kevin Malloy of Carver Engineering presented the request for sewer service by M. Langford for Lot 1 of Lone Aspen 2. Malloy reported they first requested to split the property into two lots, and now are asking to split Lone Aspen 2 into two lots, and requesting service for the additional lot. The house will be at the low end as shown in the site plan, with a proposed 1 1/2" water service for a single-family residence with four EDU's. Discussion followed. Kincaid made motion to approve the request for four EDU's for Lot 1, Lone Aspen 2, and provide the will-serve letter; second by McAughan. Motion carried unanimously.
- v. Kevin Malloy, Carver Engineering presented the request for sixteen EDUs for the updated Glades, Phase 6 project, stating this was Phase 6 and 7 in the preliminary plats, but has been changed to Phase 6 only. Big Mountain Development owns the property, and plans to build eight duplex units that will be condos. The majority will be served by gravity sewer, with lots one and two having a sewer force main with grinder pumps. Discussion followed. Each unit will (16) will have a 1" water service. Kincaid reported Phases 6 and 7 were originally planned for 32 EDUs, so

we are finally gaining ground for once. Clough made motion to approve Glades 6 for sixteen EDUs and provide the will-serve letter, second by Clough. Motion carried unanimously.

5. INFLOW & INFILTRATION PROJECT

- a. Montgomery from Anderson Montgomery Construction Engineers was present and reported on the updated I & I Project Scope.

- i. *Anderson-Montgomery I&I Project – Scope Update

Paul will present the updated scope – should have two options for about \$800k and \$1 million. Per latest email he will advertise the project for the \$800k with “add-ons” for the final pieces which will depend on our grants.

Montgomery apologized for not getting data out until Friday afternoon, reporting this project has morphed to a much more refined scope. AMCE has done a lot of analysis, then CCTV tapes in May 2020, and additional CCTV in 2021, and then the outfall line CCTV from the boneyard to East Lakeshore Drive. Montgomery has refined the scope and has come up with the final scope with line item which describe the different elements of the project along with estimated costs. Montgomery reported they have started on final design, and he brought two sets of drawings, one set for Hanchett, and another for the Board to share. Montgomery added the drawings lay out all the manhole work, with the line item costs laid out. Originally the sewer line replacement was 6000' to 7000', but after closer inspection only replacing a little over 1000' as the remaining sewer line is in decent shape. The primary objective is to replace where we will get some bang for the bucks spent. Montgomery reported we are witnessing a lot of direct inflow through manholes – lids, poorly sealed joints etc so there are a fair number of manholes to be replaced, or raise lids, reseal castings and cone sections. Discussion followed with Paul reporting he will wander manholes again today and review which are collecting water, and he will also review manholes on the outfall line today. Montgomery summarized the goal is to finalize drawings, have full set of drawings for the Board to review, get comments back, and then proceed to bid phase. Adam is working on another 4 or 5 detail sheets, and we plan to have the drawings back to Board the first part of February as we will want to bid the project before April. Montgomery explained final design will need approval from the Board in order to proceed. Discussion followed with Montgomery explaining the leaks and locations within the manholes, and sharing he is not advocating remediation – replacement is a much longer lasting repair. Some will be disassembled and resealed, it will depend upon the individual manhole. Discussion continued about the process to replace sewer main, abandoning a manhole, surprises from inaccurate as-builts, utility conflicts and traffic issues. Montgomery agreed it will be messy, discussion continued about timing - Spring means less guests, more construction. Ferrian asked how long is the project, with Montgomery replying about 60-70 days construction time, we will post the bid notice for 30 days, and then process for the responsible bidder. Discussion continued. Montgomery will keep the Board informed, and will get Final Design to the Board as soon as possible. Montgomery advised then we will need a special meeting to approve the Final Design, and move into the bid notice portion of the project.

Paul reported Primary objective is to be able to start spending DNRC and TSEP monies. Agreements for startup need firm commitment for all other funding sources. BMSD has

firm from DNRC, and quasi from Flathead County ARPA – amounts are outlined in project budget. Using new construction cost estimate and match requirements for TSEP - \$923,726 total with half paid by MCEP, with it matched dollar for dollar.

- b. Bales reported BMSD has completed the updated application for the ARPA Grant/Flathead County which is a request for \$208,822.34 ARPA, and \$104,411.17 matching funds from Flathead County. We have also taken care of obtaining a DUNS number and SAM registration.
- c. Montgomery reported the primary objective right now is to get the paperwork filed so BMSD can begin to start spending DNRC/RRGL and MCEP/TSEP funding. Agreements for firm commitment from all other funding sources are necessary for startup, and with the ARPA funding delayed Montgomery assisted BMSD in obtaining approval for a loan for \$13,283 in the interim until the ARPA funding has final approval. Montgomery stated this is a stop gap measure, and does not think BMSD will actually need the loan. Discussion followed. Montgomery also reported the total cost of the final project has been reduced to \$932,726. The Board agreed with Montgomery's plan for funding.
- d. President Sato asked the Board for a motion to approve Resolution 22-2 – Big Mountain Sewer District – Budget Approval for BMSD Contribution to I & I Project, adding it was approved via email, but should also be approved during a meeting. Kincaid made motion to approve Resolution 22-2; second by Clough. Motion carried unanimously.
- e. Montgomery reported on the approval for a SRF Loan Commitment of \$313,233.51 for BMSD for their I&I Project. Montgomery noted with the updated scope we are only planning on the \$213,283 until the ARPA funding is approved.
- f. President Sato asked for a motion to approve payment of I&I Project – Invoice #1 from Anderson, Montgomery Construction Engineers in the amount of \$34,352.15. Kincaid made motion to approve payment; second by McAughan. Motion carried unanimously.

President Sato also asked the Board for two motions to ease the grant process, one to authorize Sato to sign documents for the grants BMSD has applied for, and to authorize payment of invoices for items which are outlined in the grant budget. McAughan made motion to authorize Sato to sign as the Board President on documents presented by the Project Engineer to keep the grant process moving forward, second by Clough. Motion carried unanimously. McAughan made motion to authorize the Administrative Manager to prepare payments to be reviewed by the Treasurer for line items already approved in the grand budgets; second by Kincaid. Motion carried unanimously.

6. REVIEW OF MINUTES

- a. President Sato asked for any corrections or additions to the minutes for September 28, 2021. McAughan made motion to approve the minutes as presented; second by Clough. Motion carried unanimously.

- b. President Sato asked for any corrections or additions to the minutes for October 26, 2021. Kincaid made motion to approve the minutes as presented; second by McAughan. Motion carried unanimously.

7. FINANCIAL REVIEW

Bales reported the first half of the year's tax assessments have come in. All but two PIF's have been paid, with one property notifying BMSD they are not going to start construction until spring 2022. The Balance Sheet, Income Statement, Cash Flow, City of Whitefish Usage/Fees, Check Register, YTD Tax Revenues, Actual vs Budget for FY22 Year-to-Date are included in the packet. Bales also reported the FY21 Annual Report has been filed with the State of Montana and is also included in the packet. Discussion of the monthly sewage treatment bill for City of Whitefish followed, with Montgomery reporting he got water usage numbers from Amanda, BMWC, and will work up the comparison to the earlier reports, adding there is a lot of water flowing down the outfall line. Clough made motion to approve the financials as presented, second by McAughan. Motion carried unanimously.

8. OLD BUSINESS

- a. President Sato reported on the will-serve letter for 66 units for Landmark Whitefish Development, noting this was for information only. Hanchett commented he has still not received a full set of plans, and has reached out letting them know he cannot complete calculations without all the information being provided.
- b. Hanchett reported there has been no followup to the 3808 Alpine Village sewage spill and repairs. Hanchett stated he considers this issue to be closed. Jason communicated with Bob Yeager regarding the Base Lodge grease trap and it is on Yeager's agenda for repair. With regards to the homeowner report about the roof drains in the Events building being tied into the sewer system, Hanchett reported Yeager verified that is not the case. The Board asked Hanchett to report when the grease trap has been repaired.

Boardmember Ferrian left the meeting at 9:59 a.m.

- c. Bales reported she had been working on getting updated insurance quotes before the BMSD I&I Project. Bales went through the application process with MACo, and our quoted rate was \$10,000 without adding our capital assets. After the MACo quote, which was very high, Bales sent out a survey to other water and sewer districts asking about their insurance. A large number of the water and sewer districts use PayneWest as their agent, with either MACo or Cincinnati Insurance as their carrier. Bales worked with PayneWest to complete the applications for Cincinnati and to get a quote on coverage. When the quote came in Bales had Attorney Gebhardt review. The coverage exceeds the minimum set by state statute and is \$1448 for general liability for a year. This is a bit higher than our current carrier, but the coverage is increased. Upon review, Kincaid recommended not taking the data coverage since BMSD does not have any critical information on file. Kincaid also commented that terrorism coverage

would really not apply to BMSD. Bales reported she also asked PayneWest to get a quote on E & O and EPLI coverage. McAughan asked for fidelity bond coverage quotes also. Bales will continue to pursue more information, and Kincaid will review. After review it will be brought back to the BMSD Board with a recommendation on how to proceed. Our current coverage expires in April and July.

- d. President Sato reported Bales asked other water and sewer districts for recommendations for an attorney for BMSD since Rich Gebhardt has notified BMSD that he is retiring. Sato reported she had reached out to these two firms and had preliminary discussions with them regarding BMSD. Discussion followed with the Board agreeing for Sato to continue by getting references, interviewing, obtaining a fee structure, etc. and then bring her recommendation back to the Board for ratification.

9. NEW BUSINESS

- a. Hanchett gave the Maintenance Update, reporting there are not a lot of changes, generator updates have been completed. Hanchett reported after earlier discussion, the camera on private properties that is the possible infiltration sites for I&I are already in the maintenance plan, will schedule CCTV in April.
- b. Bales reported that during the ARPA application with Flathead County it became apparent that our policies are outdated. In order to be in compliance for the upcoming grant applications BMSD needs to update our accounting policies, including grant policies and procedures. BMSD Auditor recommended using the Accounting Policies for All Fund Types and Account Groups, prepared by Accounting Management Systems Local Government Services Bureau, updated July 2004. Updated Accounting Procedures and Grant Policies and Procedures which had been reviewed and edited by the Board were also presented. Kincaid made motion to adopt Resolution 22-3 - Updated Accounting Policies for BMSD (which includes all three of the policies/procedures discussed) pending the edits discussed; second by Clough. Motion carried with Ferrian ABSENT.
- c. President Sato reported both McAughan & Ferrian terms are up in May 2022. Sato shared Flathead County will notify them, then they can decide if they want to run for election. The remaining Board encouraged them to continue on the Board.
- d. President Sato asked about notice to the public about the upcoming I&I Project, and how it will impact traffic, etcetera for everyone living on and visiting Big Mountain. After discussion it was decided yes, they want to put out a notice but will need to wait until the bids have been advertised, etc.
- e. President Sato reported BMSD only has two outstanding PIF's – 22 Glades Crescent/Kostecki who have delayed building until spring 2022, and the addition at 133 Ridge Top Drive). Clough made motion to approve the Plant Investment Fees received as listed; second by McAughan. Motion carried with Ferrian ABSENT.
 - i. 138 Ridge Run Drive, Lot #30 - \$10,426.25 Keebaugh
 - ii. 86 Orion Court, Lot #33 NWL3 - \$10,762.54 Hollman
 - iii. 27 Snowberry Court, Lot #19 - \$6510.10 Mayer

- iv. 227 Med Rock Dr, Lot #26 & 27 - \$11,014.75 Tomaselli
- v. 1059 Elk Camp Loop, Lot #3 - \$8702.49 Colby
- vi. Med Rock Drive Lots 28, 28, 30, & 31 - \$11,855.47 Niccol
- vii. 1065 Elk Camp Loop #2 - \$8315.60 Fulwiler/Fugo
- viii. 44 Elk Highlands - \$8573.53 Faisen

10. MISCELLANEOUS FOR THE GOOD OF THE ORDER

- a. President Sato reported Kandahar Lodge will be undergoing a sprinkler project so is not available for our next meeting on April 5th. Kincaid will check into using the Mount Jackson room. (Meeting is April 5th, 9 a.m., Mount Jackson room)

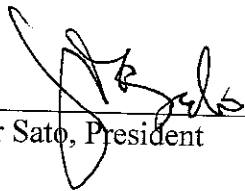
Montgomery talked about a special meeting, and the Board will wait to hear from him and will schedule when everything is ready.

Sato brought up requiring all agenda items being turned in to the Administrative Manager seven working days prior to a meeting, with agendas to be sent out to the Board on Thursday prior to the meeting. The Board concurred.

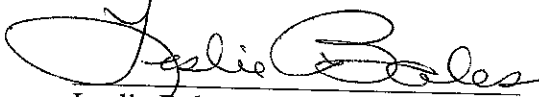
11. INFORMATIONAL CORRESPONDENCE (available for review from Administrative Manager)

- a. 3844 Winter Lane – Jackola (resent the will-serve letter)
- b. Free Asbestos Health Screening – CARD Center for Asbestos Related Disease
- c. Glacier Values coupon booklet
- d. Safe Step Walk in Tub
- e. September 2021 Denning Downey & Associates Newsletter
- f. October/November 2021 Denning Downey & Associates Newsletter
- g. December 2021 Denning Downey & Associates Newsletter
- h. City of Whitefish considering a curbside recycling program – information
- i. H2O News 4 You – Fall/Winter 2021
- j. Christmas Wishes from Anderson-Montgomery
- k. 11/17/2021 letter from Kenneth Larson re: increase from 1 to 3 living units, and Larson response
- l. Montana Rural Water Systems 2022 Member Directory
- m. Glacier Values coupon booklet December 2021
- n. USDA Forest Service electronic billing notice

Upon motion duly made and seconded the meeting adjourned at 10:57 a.m.



Jennifer Sato, President



Leslie Bales, Secretary